



ADVISORS TO THE PRESIDENT,
CONGRESS AND THE SBA

November 16, 2006

Dr. Ben Bernanke, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Dear Chairman Bernanke:

In accordance with the advisory authority granted the National Women's Business Council in Public Law 100-553, we are writing to express our concern in the Board of Governors' recent decision to discontinue the Survey of Small Business Finances (SSBF). The Council believes that this research is vital to understanding the barriers to and use of financing among minority and women business owners, proven contributors and drivers of this country's growing economy.

The Council's mandate, as outlined by HR 5050, is to provide policy advice to the President, Congress and the U.S. Small Business Administration (SBA) on issues of importance to women business owners. We base our policy decisions on exhaustive data collected not only by the Council, but also by other organizations such as the SBA Office of Advocacy, the Center for Women's Business Research, the U.S. Census Bureau, and numerous additional public and private sources, many of which use SSBF data to produce valuable reports and analyses of the state of small, minority and women-owned business financing.

While we understand that budgetary constraints often compel tough decisions, the members of the National Women's Business Council urge you to reconsider your decision to discontinue the collection of this valuable data. Given the importance of this data historically and the fact that the Federal Reserve Board is the only organization that produces this valuable research, the Council respectfully poses the following questions:

- Where will the Fed get the data it uses to produce the "Report to Congress on the Availability of Credit to Small Businesses"?
- Will the Federal Reserve institute alternative research to assist it in evaluating the effect of public policies on small businesses' access to credit?
- Are there alternative methodological and survey approaches that could decrease the cost of conducting the research without diminishing its value and impact?
- What other measurement devices and or systems will the Federal Reserve use to track the stage, the amount and the outcomes of capital investment in women owned businesses?

Our data, and that of sister organizations, consistently indicate that women business owners rank access to capital as one of their greatest challenges. As such, the Council is particularly concerned about losing sections of the SSBF which address firms that may have otherwise sought additional credit but did not apply for fear of denial by financial institutions. The data produced by the SSBF are crucial to policymakers' understanding of the challenges and barriers to financing often faced by women and minority business owners. Without this type of objective, targeted research, our ability to address these issues and to develop policy recommendations will be severely diminished.

What other resources does the Fed have to evaluate the importance of credit use and availability relative to a firm's size and other financial characteristics? What method does the Fed use to determine whether the credit rights of business owners are being protected? Are there any other ways to measure whether fear of denial is limiting women and minority business owners' access to credit? What alternative approaches will the Fed provide to ensure this invaluable data is available to end-users, policy makers, legislators, women business owners, researchers, etc?

Knowledge fuels action, and government cannot responsibly react to, manage and make policy recommendations based on data which is not measured. The elimination of this valuable research would seriously impede analysis and monitoring of women business owner's progress in gaining access to capital.

The Council welcomes the opportunity to discuss further with the Board of Governors of the Federal Reserve the questions above and the importance of maintaining this valuable research. If you have any questions, please feel free to contact NWBC Executive Director Margaret Barton at 202-205-3850.

Sincerely,

A handwritten signature in black ink, reading "Tami Longaberger". The signature is fluid and cursive, with a long horizontal line extending to the right.

Tami Longaberger
Chair